

July 14, 2004

The Honorable Robert Bunda, President
and Members of the Senate
Twenty-Second State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

Re: House Bill No. 2662, H.D.1, S.D.1, C.D.1

On July 13, 2004, House Bill No. 2662, entitled "Relating to Economic Development," became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

This bill appropriates \$100,000 out of the State's general fund for fiscal year 2004-2005 to provide loans to assist new and existing businesses threatened by military base closures and realignments that encounter difficulty when seeking assistance through private or conventional lenders. The funds appropriated are to be expended by the Department of Business, Economic Development, and Tourism.

I support the general intent to encourage a healthy business climate in Hawaii. However, the intent of this specific bill is unclear. The bill in its original form provided funding to develop infrastructure for communities near military bases. The bill as re-written authorized loans to assist businesses to "develop infrastructure" but does not define this term. Normally infrastructure refers to roads, sewer systems, and public facilities, such as schools. An appropriation of \$100,000 would not be adequate to cover most, if any "infrastructure" type projects. Even if the monies were for general business assistance, the amounts are not substantial enough to provide major relief to businesses that may be experiencing difficulties.

Secondly, this bill is yet another example of appropriations by the Legislature approved outside of the normal budget process. These expenditures have not been factored into the State's financial plan and have not been weighed against other State priorities and the general fund expenditure ceiling.

Therefore, I allowed House Bill No. 2662, H.D.1, S.D.1, C.D.1 to become law as Act 229, effective July 13, 2004, without my signature.

Sincerely,

LINDA LINGLE